EXPLANATION OF NET PRODUCTIVE HOURS CALCULATIONS

Net productive hours are based on three (3) full-time employees working 2080 hours per year.

- Annual reductions for vacations, sick leave, managements leave, etc. are totaled for each employee.

    o Annual reductions are subtracted from total number of working hours per year which results in the Net Available Hours.

    o The Net Available Hours are divided by eight (8) to for the Net Available Days per employee.

- Annual partial day reductions for meetings, training, etc. are totaled for each employee.

- Daily reductions for break time and office hours are totaled for each employee.

    o Total daily reductions are annualized by multiplying the Total Daily Reductions by the Net Available Days at 8 Hours Per Day (the Net Available Days per employee).

- The Supervision and Administrative Hours is the number of non-billable hours calculated by adding the Total (Partial Day) Annual Deduction and the Total Daily Reductions Annualized.

- The Net Available Hours per Day is calculated by taking the Net Available Hours and subtracting the Supervision and Administrative Hours.

- The percentage of non-billable time (Supervision and Administrative Overhead) is the Supervision and Administrative Hours divided by the Net Available Hours per Day for each employee.

- The Remaining Available Time is the percentage of billable time for each employee.

- The Net Productive (Billable) Hours per Year is the same as the Net Available Hours per Day and is calculated in the same manner.

Please note that the salary and benefit costs for the part-time Administrative Assistant are billed as 100% overhead. The daily work of the Administrative Assistant should not involve working on projects.